

EARNINGS RELEASE

EBITDA GREW 7.3% AND NET INCOME ROSE 6.6% IN 1Q14

Monterrey, Mexico, April 30, 2014 – Arca Continental, S.A.B. de C.V. (BMV: AC*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in Latin America and third-largest in the world, announced today its results for the first quarter of 2014 (“1Q14”).

Table 1: Financial Highlights

Data in millions of mexican pesos			
	1Q14	1Q13	Variation %
<i>Total Beverage Volume (MUC)</i>	293.4	302.3	-2.9
<i>Net Sales</i>	13,370	13,375	0.0
<i>EBITDA</i>	2,654	2,474	7.3
<i>Net Income</i>	1,162	1,090	6.6

Total Beverage Volume includes jug water

EBITDA = Operating income + Depreciation + Amortization + Non Recurring Expenses

FIRST QUARTER 2014 HIGHLIGHTS

- Net sales reached Ps. 13,370 million.
- EBITDA was Ps. 2,654 million with a margin of 19.9%, up 140 basis points versus 1Q13.
- Net Income increased 6.6% to Ps. 1,162 million with an 8.7% margin which represents an expansion of 60 basis points.

COMMENTS FROM THE CEO

“The strength of our portfolio, continual investment, and proven execution capabilities at the point of sale, as well as the constant efficiency in our operations, allowed us to mitigate the negative impact on volume caused by the challenging business climate and additional taxes in Mexico, our core market. These actions led to increase our market leadership together with 6.6% increase in Net Income and a 7.3% improvement in EBITDA when compared to the same period of last year, which further strengthens our business model and long-term vision,” stated Francisco Garza Egloff, Chief Executive Officer of Arca Continental.

“In addition, as part of our strategy to generate new vehicles for creating value and to further diversify our geographic presence, we’re very pleased to mention our recent acquisition of a majority stake in Tonicorp, Ecuador’s leading value-added dairy company, in which we have the honor to participate as equal partners with The Coca-Cola Company in this joint venture,” he added.

CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards ("IFRS").

Table 2: Consolidated Data

	1Q14	1Q13	Variation %
Volume by category (MUC)			
Colas	175.6	182.8	-4.0
Flavors	44.5	47.9	-7.1
Sparkling Total Volume	220.0	230.7	-4.6
Water*	19.3	17.9	7.7
Still Beverages**	14.0	14.9	-6.0
Volume excluding jug	253.3	263.5	-3.9
Jug	40.1	38.8	3.5
Total Volume	293.4	302.3	-2.9
Income Statement (MM MXP)			
Net sales	13,370	13,375	0.0
EBITDA	2,654	2,474	7.3

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, sports drinks, energy drinks, juices, nectars, and fruit beverages.

FINANCIAL ANALYSIS

INCOME STATEMENT

- Consolidated net income for 1Q14 reached Ps. 13,370 million, the same level as last year despite the drop in sales volume (5.8% on a currency-neutral basis).

- Total volume decreased 2.9% in 1Q14 reaching 293 MUC, reflecting the new tax on sweetened beverages in Mexico and the challenging economic and consumer environment in Argentina. We gained volume in the packaged and jug water segments of 7.7% and 3.5%, respectively.
- During 1Q14, cost of sales declined 4.7% when compared to 1Q13 mainly due to the Ps. 500 million cost and expense savings program for 2014 which includes the drop in sweetener and PET prices. Consolidated gross profit rose 5.6% to Ps. 6,441 million. Consolidated gross margin reached 48.2%, up 260 basis points.
- Administrative and selling expenses increased 3.9%, which was below inflation, from Ps. 4,245 million to Ps. 4,410 million in 1Q14, as a result of the strict expense controls implemented since the start of the year together with the savings program mentioned above.
- Consolidated operating income rose 11.6% in 1Q14 compared to 1Q13, to Ps. 2,027 million with an operating margin of 15.2%, for an additional 160 basis points.
- Consolidated EBITDA in 1Q14 increased 7.3% to Ps. 2,654 million representing a margin of 19.9%, up 140 basis points. On a currency-neutral basis, EBITDA would have grown 13.3% during 1Q14.
- The integral financial result for 1Q14 reached a cost of Ps. 228 million compared to a cost of Ps. 223 million in 1Q13. This period included net financial costs and expenses of Ps. 234 million, compared to Ps. 215 million in 1Q13.
- Income tax provision for the quarter reached Ps. 574 million, 22.7% higher than in 1Q13, reflecting an effective tax rate of 31.7% and in line with the tax changes in Mexico implemented this year.
- Arca Continental reported net income of Ps. 1,162 million in 1Q14, up 6.6%, representing a net margin of 8.7%, for an additional 60 basis points.

BALANCE SHEET & CASH FLOW STATEMENT

- As of March 31, 2014 Arca Continental registered cash of Ps. 6,244 million and bank debt of Ps. 16,354 million, resulting in net debt of Ps. 10,110 million. These figures include the bank debt contracted for the Tonicorp acquisition. The Net Debt/EBITDA ratio was 0.8x.
- Net operating cash flow reached Ps. 2,541 million as of March 31, 2014.
- CAPEX for the quarter totaled Ps. 568 million, allocated mainly towards the acquisition of cooling and production equipment, as well as glass and PET returnable packaging.

AC NORTH AMERICA

Arca Continental reports its information for AC North America and AC South America. AC North America includes results for the beverage and snack businesses in Mexico as well as snacks in the U.S., while AC South America include results for the beverage business in Argentina and beverages and snacks in Ecuador.

Table 3: North America Data

	1Q14	1Q13	Variation %
Volume by Category (MUC)			
Colas	136.3	142.5	-4.4
Flavors	24.2	27.2	-11.0
Sparkling Total Volume	160.5	169.7	-5.4
Water*	13.3	12.9	3.2
Still Beverages**	9.5	10.5	-9.4
Volume excluding jug	183.3	193.1	-5.1
Jug	40.1	38.8	3.5
Total Volume	223.4	231.9	-3.6
Mix (%)			
Returnable	37.5	34.9	2.6
Non Returnable	62.5	65.1	-2.6
Multi-serve	51.6	51.1	0.5
Single-Serve	48.4	48.9	-0.5
Income Statement (MM MX)			
Net Sales	10,079	9,989	0.9
EBITDA	2,036	1,889	7.8

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, sports drinks, energy drinks, juices, nectars, and fruit beverages.

OPERATING RESULTS – NORTH AMERICA

- In the first three months of 2014, AC North America reported EBITDA of Ps. 2,036 million, up 7.8%, representing an EBITDA margin of 20.2%, an additional 130 basis points when compared to 1Q13.

- Mexico Beverages posted net sales of Ps. 9,014 million during 1Q14, slightly above the level reported in 1Q13, while sales volume declined 3.6% to 223 MUC affected mainly by the tax on sweetened beverages in México. The average price per unit case, excluding jug water, increased 5% to Ps. 47.77.
- Packaged and jug water posted year-over-year increases of 3.3% and 3.5%, respectively, while sparkling beverages contracted by 5.8%. The initiatives and strategies implemented since the start of the year have proven effective in the market, achieving volume levels in line with our expectations.
- Powerade continues posting positive results, with volume growth of 11% and coverage up 4 percentage points, thereby maintaining its lead position in the traditional channel within our territory. Fuze Tea and Valle Frut also consolidated their lead positions in the traditional channel within their respective categories.
- Jug water began the year with solid growth in volume and value, at 3.5% and 8.2%, respectively, thanks to the creation of over 12 thousand new clients. Likewise, the DTH business continues increasing coverage and expanding the portfolio of beverages offered to customers.
- AC reached its goal of 60% RTM (Route to Market) coverage of its territory, and launched RTM for the modern channel in Aguascalientes and Toluquilla.
- Vending registered revenue growth of 4.8% when compared to 1Q13, thereby continuing the positive trend of the last two years. Machines per route increased 9.7% year-over-year which has helped reduce operating costs and improved the profitability of this business.
- Bokados initiated the year with significant growth in sales volume and market share in all the regions in which it is distributed, despite the impact of the new tax on high-calorie foods, thanks to the high quality of these products and execution improvements at the point of sale.
- In the U.S., Wise began the year with revenue growth due to the increase in the number of distribution routes and the implementation of the GTM (Go-To-Market) program, which optimizes operations of all its routes. Notably, the popcorn and tortilla chip segments posted the highest growth levels, therefore we will continue our strategy of focusing on these two categories.

AC SOUTH AMERICA

Table 4: South America Data

	1Q14	1Q13	Variation %
Volume by Category (MUC)			
Colas	39.3	40.3	-2.5
Flavors	20.3	20.7	-2.1
Sparkling Total Volume	59.6	61.0	-2.3
Water*	6.0	5.0	19.3
Still Beverages**	4.5	4.4	2.1
Total Volume	70.0	70.4	-0.5
Mix (%)			
Returnable	31.0	30.7	0.3
Non Returnable	69.0	69.3	-0.3
Multi-serve	82.8	83.5	-0.7
Single-serve	17.2	16.5	0.7
Income Statement (MM MX)			
Net Sales	3,291	3,386	-2.8
EBITDA	618	585	5.8

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, sports drinks, energy drinks, juices, nectars, and fruit beverages.

OPERATING RESULTS – SOUTH AMERICA

- Net sales for the South America Division have been impacted primarily by the depreciation of the Argentina peso, and came in 2.8% below last year to Ps. 3,291 million in 1Q14. On a currency-neutral basis, net sales would have grown 20.2% thanks to the broad product portfolio and the adequate price architecture, which offers consumers affordable packages.
- Total sales volume for South America remained flat when compared to 1Q13, due to the 2.3% decrease in sparkling beverages, offset by the 19.3% increase in packaged water and the 2.1% growth in still beverages.

- EBITDA for South America increased 5.8% to Ps. 618 million in 1Q14, for a margin of 18.8% which is 150 basis points higher than last year. On a currency-neutral basis, this line item would have increased by 31.2%.
- Net income for the first three months ended March 31, 2014 reached Ps. 304 million, representing a net margin of 9.2%, for an expansion of 80 basis points compared to the same period in 2013.

Argentina

- Sales volume declined 4.3% in 1Q14, mainly as a result of high inflation as well as the reduction in wages in real terms which have restricted consumer spending. The colas segment decreased 4.7% while packaged water grew 0.3% when compared to last year.
- We maintained our lead position in the sparkling beverage segment. We also continued gaining market share in the juice segment while solidifying our lead position in sports drinks. We began operating the new hot-fill line in Salta with the production of Powerade.
- As part of our new strategy to grow the mix of returnable formats, we launched Coca-Cola and flavors in 2.5-liter in Jujuy and La Rioja.

Ecuador

- In Ecuador, sales volume rose 3.3% when compared to 1Q13 stemming from the growth in the flavor, packaged water and still beverage segments of 2.2%, 40% and 3.4%, respectively.
- During 1Q14, we posted solid growth in single-serve sparkling beverages of 14.8% and 6% in Powerade, thereby strengthening the coverage and consumer preference for this sports drink.
- We launched Coca-Cola 400 ml nationwide and Coca-Cola 2.75 lt. in Quevedo and Babahoyo aimed at offering our consumers affordable options.
- As of March 31, 2014, AC registered over 4,000 installed coolers through which we have helped our clients grow their sales volume by 19% year-over-year. We also increased returnable coverage which led to a 3% increase in sales of this format when compared to 1Q13.
- Inalecsa continues making great strides in 2014, posting double-digit growth rates in sales and EBITDA, with new product launches in Ecuador and the export of Tortolines to the U.S. in order to strengthen Wise's product portfolio.

RECENT EVENTS

- On April 15, 2014, Arca Continental and The Coca-Cola Company announced their acquisition of a majority stake in Holding Tonicorp, Ecuador's leading value-added dairy products company and one of the leading consumer groups in the country. Tonicorp is made up of the companies Industrias Lácteas Toni S.A., Heladosa S.A., Plásticos Ecuatorianos S.A. Dipor S.A, Cosedone and Fabacorpsa.
- For the 11th consecutive year, the Mexican Philanthropy Center presented Arca Continental the Socially Responsible Company award.

CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on Wednesday, April 30, 2014 to discuss these results at 10:00 am Mexico/Monterrey time / 11:00 am New York time. A live webcast of this event is available at: www.arcacontal/inversionistas or connect via telephone by dialing:

From within the U.S.	+1 800 311 9401
Toll-Free from within Mexico	+001 800 368 1029
International Participants	+1 334 323 7224

Access Code: 36151

About Arca Continental

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador and Wise in the U.S. with an outstanding history spanning more than 85 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Within its Coca-Cola franchise territory, the Company serves over 53 million consumers in Northern and Western Mexico, Ecuador and Northern Argentina. The Company's shares trade on the Mexican Stock Exchange under the ticker symbol "AC". For more information on Arca Continental, please visit www.arcacontal.com or download the [AC Investor](#) iPad app.

This material may contain forward-looking statements regarding Arca Continental and its subsidiaries based on management's expectations. This information as well as statements regarding future events and expectations is subject to risks and uncertainties, as well as factors that could cause the results, performance and achievements of the Company to differ at any time. Such factors include changes in the general economic, political, governmental and commercial conditions both domestically and globally, as well as variations in interest rates, inflation rates, exchange rate volatility, tax rates, the demand for and the price of carbonated beverages, water, and the price of sugar and other raw materials used in the production of sparkling beverages, weather conditions and various others. As a result of these risks and factors, actual results could be materially different from the estimates provided; therefore, Arca Continental does not accept responsibility for any variations or for the information provided by official sources.

Arca Continental, S.A.B. de C.V. and Subsidiaries
Consolidated Income Statement
(millions of Mexican pesos)

			Variation	
	1Q14	1Q13	MM MXP	%
Net sales	13,370	13,375	-5	(0.0)
Cost of Sales	6,930	7,275	-346	(4.7)
Gross Profit	6,441	6,100	341	5.6
	48.2%	45.6%		
Selling Expenses	3,581	3,427	154	4.5
Administrative Expenses	829	818	11	1.4
Total Costs	4,410	4,245	165	3.9
	33.0%	31.7%		
Non Recurring Expenses	4	63	-59	(94.3)
Operating Income before other income	2,027	1,792	235	13.1
Other Income (Expenses) ¹	0	25	-25	(101.7)
Operating Income	2,027	1,817	210	11.6
	15.2%	13.6%		
Interest Expense Net	-234	-215	-19	8.7
Exchange Gain (Loss)	6	-8	13	(173.8)
Comprehensive Financial Results	-228	-223	-6	2.5
Share of net income of associates ²	8	34	-26	(76.9)
Earnings Before Taxes	1,806	1,628	178	11.0
Profit Taxes	574	467	106	22.7
Non-controlling interest	-71	-71	0	0.2
Net Profit	1,162	1,090	72	6.6
	8.7%	8.1%		
Depreciation and amortization	624	595	29	5.0
EBITDA	2,654	2,474	181	7.3
	19.9%	18.5%		

EBITDA = Operating Income + Depreciation and Amortization + Non Recurring Expenses

¹ Includes equity method of our participation in operating companies like Jugos del Valle, IEQSA and Bebidas Refrescantes de Nogales

² Includes equity method of our participation in non-operating companies like PIASA, PetStar, Beta San Miguel, among others

Arca Continental, S.A.B. de C.V. and Subsidiaries
Consolidated Balance Sheet
(millions of Mexican pesos)

	March 31	December 31	Variation	
	2014	2013	MM MXP	%
ASSETS				
Cash and cash equivalents	6,244	2,566	3,679	143.4
Accounts receivable; Net	3,741	3,176	565	17.8
Inventories	2,083	2,317	-234	-10.1
Prepayments	283	180	103	57.1
Total Current Assets	12,352	8,239	4,112	49.9
Investments in shares and other investments	3,872	3,801	70	1.8
Property, plant and other equipment	23,660	24,171	-510	-2.1
Other non current assets	29,966	30,137	-171	-0.6
Total Assets	69,850	66,349	3,501	5.3
LIABILITIES				
Short term bank loans	2,828	2,376	452	19.0
Suppliers	4,173	4,297	-124	-2.9
Accounts payable and taxes	2,181	1,376	805	58.5
Total Current Liabilities	9,181	8,049	1,132	14.1
Bank Loans and long term liabilities	13,525	11,701	1,824	15.6
Deferred income tax and others	5,365	5,415	-50	-0.9
Total Liabilities	28,072	25,165	2,907	11.6
SHAREHOLDER'S EQUITY				
Non controlled participation	2,903	2,831	72	2.5
Capital Stock	29,056	29,066	-10	0.0
Retained Earnings	8,657	3,314	5,343	161.2
Net Profit	1,162	5,973	-4,811	-80.6
Total Shareholders' Equity	41,778	41,184	594	1.4
Total Liabilities and Shareholders' Equity	69,850	66,349	3,500	5.3

Arca Continental, S.A.B. de C.V. and Subsidiaries
Cash Flow Statement
(millions of Mexican pesos)

	as of march 31	
	2014	2013
Earnings Before Taxes	1,806	1,628
Depreciation and amortization	622	595
Gain on sale and fixed assets impairment	81	115
Accrued interests	272	259
Operating cash flow before taxes	2,782	2,597
Cashflow generated/used in the operation	-240	-470
Operating cashflow after working capital	2,541	2,127
Investment Activities:		
Capital Expenditure (Net)	-737	-726
Financing Activities:		
Share repurchase program	-79	-54
Debt amortization	2,257	2,636
Paid interests	-199	-139
Other	-16	-54
Net cash flow	1,964	2,388
Net increase of cash and equivalents	3,768	3,789
Change in Cash	-89	-39
Initial cash and equivalents balance	2,566	2,676
Final cash and equivalents balance	6,244	6,426